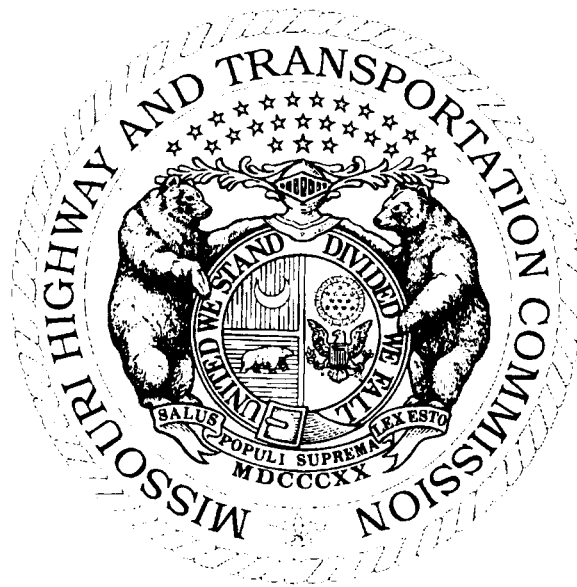


**MISSOURI DEPARTMENT  
OF TRANSPORTATION**



Combined Financial Statements and Schedules

June 30, 2001

# MISSOURI DEPARTMENT OF TRANSPORTATION

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# MISSOURI DEPARTMENT OF TRANSPORTATION

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1000 Walnut, Suite 1600  
P.O. Box 13127  
Kansas City, MO 64199

## Independent Auditors' Report

Missouri Highway and Transportation Commission:

We have audited the combined financial statements of the Missouri Department of Transportation as of and for the year ended June 30, 2001, as listed in the accompanying table of contents. These combined financial statements are the responsibility of the Department's management. Our responsibility is to express an opinion on these combined financial statements based on our audit. We did not audit the financial statements of the following discretely presented component units: Highway 179 Transportation Corporation and 210 Highway Transportation Development District. The discretely presented component unit financial statements that we did not audit reflect total assets of \$14,624,912 as of June 30, 2001, and total revenues and other financing sources of \$3,505,562 for the Government Fund Types for the year then ended. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Highway 179 Transportation Corporation and the 210 Highway Transportation Development District discretely presented component units, is based upon the reports of other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall combined financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in note 1, the combined financial statements of the Missouri Department of Transportation are intended to present the financial position and results of operations of only that portion of the financial reporting entity of the State of Missouri that is attributable to the transactions of the Department of Transportation.

In our opinion, based on our audit and the reports of other auditors, the combined financial statements referred to above present fairly, in all material respects, the financial position of the Missouri Department of Transportation as of June 30, 2001, and the results of its operations and the cash flows of its Proprietary Fund Type for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

As described in the notes to the combined financial statements, during the fiscal year 2001, the Commission adopted the provisions of Governmental Accounting Standards Board Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.



KPMG LLP, KPMG LLP, a U.S. limited liability partnership, is  
a member of KPMG International, a Swiss association.

Our audit was made for the purpose of forming an opinion on the combined financial statements taken as a whole. The combining and individual fund financial statements and schedules listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the combined financial statements of the Department of Transportation. Such information has been subjected to the auditing procedures applied in the audit of the combined financial statements. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the combined financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report, dated September 28, 2001, on our consideration of the Department's internal controls over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be read in conjunction with this report in considering the results of our audit.

KPMG LLP

September 28, 2001

## MISSOURI DEPARTMENT OF TRANSPORTATION

Combined Balance Sheet – All Fund Types, Account Groups,  
and Discretely Presented Component Units

June 30, 2001

Assets and Other Debits	Governmental Fund Types				Proprietary Fund Types Internal Service	Fiduciary Fund Types Agency	Account Groups		Total Primary Government (Memorandum Only)	Component Units	Total Reporting Entity (Memorandum Only)
	Special Revenue		Capital Projects				General Fixed Assets	General Long-Term Debt			
	General										
Cash and investments (note 2)	\$ 587,638	42,277,788	248,174,347		27,809,281	—	—	—	318,849,054	9,247,528	328,096,582
Receivables (note 5)	2,944,171	100,459,873	77,674,346		406,942	—	—	—	181,485,332	16,627,124	198,112,456
Due from other funds (note 4)	—	—	1,185,599		—	—	—	—	1,185,599	—	1,185,599
Due from other state agencies	167,163	—	—		—	—	—	—	167,163	—	167,163
Advances to the Department of Transportation Inventories	—	—	32,807,471		—	—	—	—	—	40,066,071	40,066,071
Restricted cash and investments (note 2)	—	69,503	—		—	—	—	—	32,876,974	—	32,876,974
Fixed assets (note 7)	—	—	21,950,893		—	46,051,287	—	—	68,002,180	33,726,333	101,728,513
Amount to be provided for retirement of long-term debt	—	—	—		—	—	—	—	507,294,673	13,256,385	520,551,058
									385,473,571	—	385,473,571
Total assets and other debits	\$ 3,698,972	142,807,164	381,792,656		28,216,223	46,051,287	507,294,673	385,473,571	1,495,334,546	112,923,441	1,608,257,987
Liabilities, Equity, and Other Credits											
Accounts payable	\$ 2,995,827	17,019,069	72,149,829		37,939,021	—	—	—	130,103,746	218,982	130,322,728
Retainages payable	—	—	34,952,215		—	—	—	—	34,952,215	—	34,952,215
Due to other funds (note 4)	93,540	1,008	—		—	1,091,051	—	—	1,185,599	—	1,185,599
Deferred revenue	310,301	—	29,712,620		2,643,669	—	—	—	32,666,590	—	32,666,590
Bonds payable	—	—	—		—	—	—	—	—	60,467,000	60,467,000
Advances from other governments (note 6)	—	—	—		—	44,960,236	—	13,425,923	58,386,159	—	58,386,159
Advances from component units (note 6)	—	—	—		—	—	—	63,899,109	63,899,109	—	63,899,109
Federal Highway Administration loan (note 6)	—	—	—		—	—	—	15,000,000	15,000,000	—	15,000,000
Capital lease obligations (note 6)	—	—	—		—	—	—	2,474,112	2,474,112	—	2,474,112
Compensated absences (note 6)	55,083	4,023,283	—		—	—	—	25,462,185	29,540,551	—	29,540,551
State Road Fund bonds payable (note 6)	—	—	—		—	—	—	250,000,000	250,000,000	—	250,000,000
Claims and judgments payable (note 8)	—	—	—		—	—	—	15,212,242	15,212,242	—	15,212,242
Total liabilities	3,454,751	21,043,360	136,814,664		40,582,690	46,051,287	—	385,473,571	633,420,323	60,685,982	694,106,305
Equity and other credits:											
Investment in general fixed assets	—	—	—		—	—	507,294,673	—	507,294,673	—	507,294,673
Contributed capital	—	—	—		210,000	—	—	—	210,000	—	210,000
Retained deficit	—	—	—		(12,576,467)	—	—	—	(12,576,467)	65,868,122	53,291,655
Fund balances:											
Reserved for inventories	—	69,503	32,807,471		—	—	—	—	32,876,974	—	32,876,974
Reserved for notes receivable	—	2,651,634	—		—	—	—	—	2,651,634	—	2,651,634
Unreserved	244,221	119,042,667	212,170,521		—	—	—	—	331,457,409	(13,630,663)	317,826,746
Total equity and other credits	244,221	121,763,804	244,977,992		(12,366,467)	—	507,294,673	—	861,914,223	52,237,459	914,151,682
Contingencies and commitments (note 11)											
Total liabilities, equity, and other credits	\$ 3,698,972	142,807,164	381,792,656		28,216,223	46,051,287	507,294,673	385,473,571	1,495,334,546	112,923,441	1,608,257,987

See accompanying notes to combined financial statements.

## MISSOURI DEPARTMENT OF TRANSPORTATION

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances –  
General, Special Revenue, and Capital Projects Funds

For the Year Ended June 30, 2001

	Governmental Fund Types			Total Primary Government (Memorandum Only)	Component Units	Total Reporting Entity (Memorandum Only)
	General	Special Revenue	Capital Projects			
<b>Revenues:</b>						
Taxes (note 3)	\$ —	513,318,365	128,878,481	642,196,846	345,905	642,542,751
Licenses, fees, and permits	—	182,471,408	103,607,566	286,078,974	—	286,078,974
Investment and interest	—	7,194,085	23,767,401	30,961,486	327,200	31,288,686
Cost reimbursements	1,220,565	2,776,733	70,397,735	74,395,033	2,731,818	77,126,851
Appropriations	10,308,924	7,116,938	—	17,425,862	—	17,425,862
Federal	29,680,187	—	601,737,363	631,417,550	—	631,417,550
<b>Total revenues</b>	<b>41,209,676</b>	<b>712,877,529</b>	<b>928,388,546</b>	<b>1,682,475,751</b>	<b>3,404,923</b>	<b>1,685,880,674</b>
<b>Expenditures:</b>						
<b>Current:</b>						
Personal service	1,271,157	482,406,875	—	483,678,032	—	483,678,032
Operating	222,259	56,148,610	201,112,808	257,483,677	19,729	257,503,406
Specific programs	3,777,706	686,388	46,683	4,510,777	—	4,510,777
Equipment purchases	2,296	9,511,186	33,825,275	43,338,757	—	43,338,757
Miscellaneous	22,371	6,431,300	5,260,704	11,714,375	—	11,714,375
Intergovernmental	35,642,823	12,421,399	4,130,239	52,194,461	—	52,194,461
Property and improvements	291,254	1,403,919	905,316,523	907,011,696	—	907,011,696
Debt service:						
Principal and interest	—	—	24,001,717	24,001,717	2,401,008	26,402,725
Bond issue costs	—	—	1,622,282	1,622,282	960,650	2,582,932
<b>Total expenditures</b>	<b>41,229,866</b>	<b>569,009,677</b>	<b>1,175,316,231</b>	<b>1,785,555,774</b>	<b>3,381,387</b>	<b>1,788,937,161</b>
<b>Excess of revenues over (under) expenditures</b>	<b>(20,190)</b>	<b>143,867,852</b>	<b>(246,927,685)</b>	<b>(103,080,023)</b>	<b>23,536</b>	<b>(103,056,487)</b>
<b>Other financing sources (uses):</b>						
Proceeds from issuance of long-term debt	—	—	281,134,388	281,134,388	100,639	281,235,027
Operating transfers from other funds (note 4)	—	33,500,000	142,992,790	176,492,790	—	176,492,790
Operating transfers to other funds (note 4)	—	(142,992,790)	(33,500,000)	(176,492,790)	—	(176,492,790)
<b>Total other financing sources (uses)</b>	<b>—</b>	<b>(109,492,790)</b>	<b>390,627,178</b>	<b>281,134,388</b>	<b>100,639</b>	<b>281,235,027</b>
<b>Excess of revenues and other sources over (under) expenditures and other uses</b>	<b>(20,190)</b>	<b>34,375,062</b>	<b>143,699,493</b>	<b>178,054,365</b>	<b>124,175</b>	<b>178,178,540</b>
<b>Fund balances, beginning of year, as restated (note 12)</b>	<b>264,411</b>	<b>87,388,742</b>	<b>101,278,499</b>	<b>188,931,652</b>	<b>(13,754,838)</b>	<b>175,176,814</b>
<b>Fund balances, end of year</b>	<b>\$ 244,221</b>	<b>121,763,804</b>	<b>244,977,992</b>	<b>366,986,017</b>	<b>(13,630,663)</b>	<b>353,355,354</b>

See accompanying notes to combined financial statements.

## MISSOURI DEPARTMENT OF TRANSPORTATION

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances –  
Budget and Actual (Budget Basis) – General, Special Revenue,  
and Capital Projects Funds

For the Year Ended June 30, 2001

	General Fund		Special Revenue		Capital Projects	
	Budget	Actual	Budget	Actual	Budget	Actual
Revenues:						
Fuel taxes	\$ —	—	491,454,311	470,586,000	325,689	83,843
Licenses, fees, and permits	—	—	185,103,504	180,067,038	95,177,496	97,949,356
Sales and use taxes	—	—	47,578,620	42,605,783	137,960,524	125,780,535
Interest	—	—	3,214,817	4,692,648	11,789,144	12,571,181
Cost reimbursements	—	—	4,321,769	3,033,822	75,065,268	68,283,373
Appropriations	14,076,223	13,407,684	8,367,977	7,116,938	237,548	—
Federal	29,372,026	28,454,324	—	—	626,350,000	592,366,097
Local match	1,617,974	1,617,974	—	—	—	—
Total revenues	45,066,223	43,479,982	740,040,998	708,102,229	946,905,669	897,034,385
Expenditures:						
Administration	—	—	52,260,118	51,045,028	—	—
Maintenance	—	—	180,143,248	166,818,966	123,043,000	116,193,579
Construction	414,144	166,253	119,356,875	114,993,908	933,035,455	906,263,817
Service operations	—	—	25,067,060	23,496,382	82,828,957	71,865,741
Multimodal operations	60,394,908	37,947,484	14,132,834	12,445,971	15,000	13,250
Mississippi Parkway Commission	36,375	36,327	—	—	—	—
STAR loan disbursement	—	—	1,350,000	770,000	—	—
Article X Hancock refunds	57	57	2,026,650	2,026,650	285,024	285,024
Appropriations spent by other agencies	—	—	188,559,462	182,575,076	—	—
Total expenditures	60,845,484	38,150,121	582,896,247	554,171,981	1,139,207,436	1,094,621,411
Excess of revenues over (under) expenditures	\$ (15,779,261)	5,329,861	157,144,751	153,930,248	(192,301,767)	(197,587,026)
Other financing sources (uses):						
Proceeds from issuance of long-term debt	—	—	—	—	—	278,705,905
Operating transfers from other funds	—	—	—	33,500,000	—	142,992,789
Operating transfers to other funds	—	—	—	(142,992,789)	—	(34,258,499)
Total other financing sources (uses)	—	—	—	(109,492,789)	—	387,440,195
Excess revenues and other sources over expenditures and other uses	—	5,329,861	—	44,437,459	—	189,853,169
Fund balances, beginning of year	—	(4,742,223)	—	(4,676,994)	—	65,156,322
Fund balances, end of year	\$ —	587,638	—	39,760,465	—	255,009,491

See accompanying notes to combined financial statements.



## MISSOURI DEPARTMENT OF TRANSPORTATION

Combined Statement of Revenues, Expenses, and Changes in  
Retained Earnings (Deficit) – Internal Service Funds and  
Discretely Presented Component Units

For the Year Ended June 30, 2001

	<u>Internal Service</u>	<u>Component Units</u>
Operating revenues:		
Insurance premiums:		
Highway workers' compensation	\$ 5,160,060	—
Highway patrol workers' compensation	2,257,402	—
Highway fleet vehicle liability	855,000	—
General liability	1,800,000	—
Contributions:		
State	28,506,265	—
Member	21,706,360	—
Interest income	—	1,741,799
Lease income	—	310,466
Other	486,118	491,371
Total operating revenues	<u>60,771,205</u>	<u>2,543,636</u>
Operating expenses:		
Program	689,350	7,698,760
Self-insurance claims:		
Highway workers' compensation	9,789,344	—
Highway patrol workers' compensation	2,334,789	—
Highway fleet vehicle liability	2,062,535	—
Highway general liability	2,918,817	—
Medical and life:		
Insurance premium	4,143,316	—
Claims	34,724,845	—
Administrative service	1,982,613	—
Prescription drugs	8,708,587	—
Professional fees	126,092	—
Other	88,935	—
Administrative	—	48,276
Total operating expenses	<u>67,569,223</u>	<u>7,747,036</u>
Operating loss	<u>(6,798,018)</u>	<u>(5,203,400)</u>
Nonoperating revenues:		
Interest income	1,530,641	1,830,513
Interest expense	—	(182,357)
Net increase in fair value of investments	481,271	—
Total nonoperating revenues	<u>2,011,912</u>	<u>1,648,156</u>
Net loss	<u>(4,786,106)</u>	<u>(3,555,244)</u>
Retained earnings (deficit) at beginning of year	<u>(7,790,361)</u>	<u>69,423,366</u>
Retained earnings (deficit) at end of year	<u>\$ (12,576,467)</u>	<u>65,868,122</u>

See accompanying notes to combined financial statements.

## MISSOURI DEPARTMENT OF TRANSPORTATION

Combined Statement of Cash Flows – Internal Service Funds  
and Discretely Presented Component Units

For the Year Ended June 30, 2001

	<u>Internal Service</u>	<u>Component Units</u>
Cash flows from operating activities:		
Operating loss	\$ (6,798,018)	(5,203,400)
Adjustments to reconcile operating loss to net cash (used in) provided by operating activities:		
Decrease (increase) in receivables	1,500,133	(3,281,370)
Loan loss reserve	—	(457,910)
Increase in interest receivable on loans	—	255,324
Decrease in due to the Department	—	13,320
Increase in accounts payable	8,898,140	47,332
Increase in deferred revenue	(37,996)	—
Net cash provided by (used in) operating activities	<u>3,562,259</u>	<u>(8,626,704)</u>
Cash flows from capital and related financing activities:		
Proceeds from bonds	—	8,705,000
Bond repayments	—	(10,000,000)
Interest paid	—	(182,357)
Advances to the Department	—	(5,017,702)
Net cash used in capital and related financing activities	<u>—</u>	<u>(6,495,059)</u>
Cash flows from investing activities:		
Loans disbursed	—	(10,744,271)
Principal collected	—	14,671,620
Sale of investments	349,585,686	8,607,427,154
Purchase of investments	(351,664,320)	(8,615,156,799)
Interest on investments	2,011,912	1,830,513
Net cash used in investing activities	<u>(66,722)</u>	<u>(1,971,783)</u>
Net increase (decrease) in cash and cash equivalents	3,495,537	(17,093,546)
Cash and cash equivalents at beginning of year	<u>1,604,065</u>	<u>54,349,702</u>
Cash and cash equivalents at end of year	<u>\$ 5,099,602</u>	<u>37,256,156</u>
Cash	\$ 5,012,730	37,256,156
Repurchase agreements	<u>86,872</u>	<u>—</u>
	<u>\$ 5,099,602</u>	<u>37,256,156</u>

See accompanying notes to combined financial statements.

# MISSOURI DEPARTMENT OF TRANSPORTATION

## Notes to Combined Financial Statements

June 30, 2001

### (1) Summary of Significant Accounting Policies

The State Highway Department was created in 1913 to act as the state's agent for public roads. The State Highway Commission was created in 1921 with the passage of the Centennial Road Law and was charged with the administration of the network of connecting state highways, including their location, design, construction, and maintenance.

In 1979, the State of Missouri passed a constitutional amendment merging the State Highway Department with the Department of Transportation (the Department). This constitutional amendment gave a newly created Highway and Transportation Commission (the Commission) the authority over all state transportation programs and facilities. The Commission is a bipartisan body of six members appointed by the Governor with the consent of the Senate for a term of six years.

The General Fund and the Third State Building Trust Fund included in these combined financial statements do not represent all of the fund's activity as discussed in note 1(B). Therefore, expenditures presented for the fund or any program may not reflect the total cost of the related activity. Other direct and indirect costs provided by the Department and other state agencies are not allocated to the fund or applicable program.

#### A. Financial Reporting Entity

The combined balance sheet presents the Department and its component units, entities for which the Department is considered to be financially accountable. Discretely presented component units are reported in a separate column in the combined financial statements to emphasize they are legally separate from the Department.

The Commission may impose its will on the Missouri Transportation Finance Corporation (MTFC). MTFC was created by the Commission under the Missouri General Not-for-Profit Corporation Law, Chapter 355 of the Revised Statutes of Missouri, to provide financing and other assistance to public and private entities for highway and transportation projects in the State of Missouri. The MTFC Board consists of Highway and Transportation Commissioners, Department employees by virtue of their job position, and members from the general public. Because certain MTFC board members are also associated with decision-making for the operations of the Department, the Department has significant influence over the activities performed by MTFC. Copies of the MTFC financial statements can be requested from:

Missouri Transportation Finance Corporation  
P. O. Box 270  
Jefferson City, Missouri 65102  
(573) 526-2561

## MISSOURI DEPARTMENT OF TRANSPORTATION

### Notes to Combined Financial Statements

June 30, 2001

The Springfield, Missouri State Highway Improvement Corporation, the Highway 179 Transportation Corporation, and the Fulton 54 Transportation Corporation (the Corporations) are not-for-profit corporations organized under the Missouri Transportation Corporation Act. They are authorized to issue revenue bonds for the purpose of paying all or any part of the cost of paving, grading, constructing, expanding, improving, or financing any facility constituting a "project" under the Missouri Transportation Corporation Act. Their governing bodies consist of a Board of Directors that is appointed by the Commission. When the purposes for which the Corporations were formed have been complied with and all obligations have been paid, each board shall, with the approval of the Commission, dissolve the Corporations. Upon dissolution, any assets of the Corporations will be liquidated and deposited in the State Road Fund and will become the property of the Commission. Copies of the Corporations' financial statements can be requested from:

Highway 179 Transportation Corporation  
320 East McCarty  
Jefferson City, Missouri 65101

Fulton 54 Transportation Corporation  
P. O. Box 130  
Fulton, Missouri 65251

The 210 Highway Transportation Development District (the Development District) is a political subdivision of the state organized under the Missouri Transportation Development District Act. It is authorized by resolution to impose a transportation development district sales tax on all retail sales made in such transportation development district for the purpose of paying all or any part of the cost of paving, grading, constructing, expanding, improving, or financing any facility constituting a "project" under the Missouri Transportation Development District Act. Its governing body consists of a Board of Directors that is elected at large. When the purposes for which the Development District was formed have been complied with and all obligations have been paid, the board shall submit for a vote in an election held throughout the district the question of whether the district should be abolished. Upon abolishment, any assets of the Development District will be liquidated and will become the property of the Commission. A copy of the Development District's financial statements can be requested from:

210 Highway Transportation Development District  
2345 Grand Boulevard, Suite 2100  
Kansas City, Missouri 64108

# MISSOURI DEPARTMENT OF TRANSPORTATION

## Notes to Combined Financial Statements

June 30, 2001

Summarized below is financial information for the discretely presented component units:

	Springfield, Missouri State Highway Improvement Corporation	Missouri Transportation Finance Corporation	210 Highway Transportation Development District	Highway 179 Transportation Corporation	Fulton 54 Transportation Corporation	Total
Assets:						
Current assets	\$ —	4,047,720	75,774	5,576,380	1,209,441	10,909,315
Other assets	23,667,000	64,998,297	8,972,758	—	4,376,071	102,014,126
Total assets	\$ 23,667,000	69,046,017	9,048,532	5,576,380	5,585,512	112,923,441
Liabilities:						
Current liabilities	\$ 5,000,000	24,395	158,954	1,621	34,012	5,218,982
Bonds payable	18,667,000	—	9,010,000	19,085,000	8,705,000	55,467,000
Total liabilities	23,667,000	24,395	9,168,954	19,086,621	8,739,012	60,685,982
Retained earnings (deficit)	—	69,021,622	(120,422)	(13,510,241)	(3,153,500)	52,237,459
Total liabilities and equity	\$ 23,667,000	69,046,017	9,048,532	5,576,380	5,585,512	112,923,441
Operating revenue	\$ —	2,199,741	—	—	351,546	2,551,287
Operating expenses	—	48,276	—	—	7,698,760	7,747,036
Operating income (loss)	—	2,151,465	—	—	(7,347,214)	(5,195,749)
Nonoperating revenues	—	1,822,862	—	—	—	1,822,862
Nonoperating expenses	—	—	—	—	182,357	182,357
Net income (loss)	\$ —	3,974,327	—	—	(7,529,571)	(3,555,244)
Revenues	\$ —	—	345,905	3,059,018	—	3,404,923
Current expenditures	—	—	19,729	—	—	19,729
Debt service	—	—	446,340	2,915,318	—	3,361,658
Excess of revenues over (under) expenditures	—	—	(120,164)	143,700	—	23,536
Other financing sources	—	—	100,639	—	—	100,639
Excess of revenues and other financing sources over (under) expenditures	\$ —	—	(19,525)	143,700	—	124,175

### B. Basis of Presentation and Fund Structure

The accounts of the Department are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. Account groups are a reporting device to account for certain assets and liabilities of each fund not directly in those funds.

The Department has the following fund types and account groups.

## MISSOURI DEPARTMENT OF TRANSPORTATION

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**Governmental Funds** are used to account for the Department's general government activities. Governmental Fund Types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Department considers all revenues available if they are collected within sixty days after year-end. Unmatured interest payable on general long-term debt is recognized when due, and certain compensated absences and claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. Significant revenues susceptible to accrual include interest, taxes, and federal grants.

Governmental Fund Types used by the Department are:

- *General Fund*: The General Fund accounts for ordinary operations financed by legislative-approved appropriations from general revenues and used for general governmental purposes. Only appropriations to the Department from the General Fund are presented in the combined financial statements.
- *Special Revenue Funds*: These funds are established to account for the proceeds of specific revenue sources (other than expendable trusts or for major capital projects) that are legally restricted to expenditure for specified purposes. The State Highways and Transportation Department Fund, State Transportation Fund, Aviation Trust Fund, and the State Transportation Assistance Revolving Fund are considered Special Revenue Funds.
- *Capital Projects Funds*: These funds are established to account for major capital expenditures. The State Road Fund is considered a Capital Projects Fund. All transactions recorded in the State Road Fund are presented in the combined financial statements. Additionally, the Department receives appropriations from the Third State Building Trust Fund. These appropriations are included in the Capital Projects Funds.

**Proprietary Funds**: These funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. In reporting the financial activity of its Proprietary Funds, the Department applies all applicable Governmental Accounting Standards Board (GASB) pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure. Proprietary Funds include the following fund type:

- *Internal Service Funds*: These funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the governmental unit, or to other governmental units, on a cost-reimbursement basis. The Internal Service Funds include:

## MISSOURI DEPARTMENT OF TRANSPORTATION

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- *Highway Employees' and Highway Patrol Insurance Plan Fund:* This fund accounts for the medical and life insurance coverage to Department employees and members of the Missouri State Highway Patrol. Changes to the Plan require approval by the Commission.
- *Self-Insurance Fund:* This fund accounts for highway and highway patrol monies used to pay workers' compensation claims, fleet vehicle claims, and general liability claims against the Department. Under RSMo. Chapter 287, the Department is required to establish an escrow agreement in the amount of \$200,000 to operate as a self-insurer. The Department is in compliance with this requirement and maintains contributed capital in the amount of \$210,000 in an escrow account funded by a contribution from the State Highway and Transportation Department Fund.

**Fiduciary Funds:** These funds, which include Agency Funds, account for assets held by the Department in a trustee capacity or as an agent for individuals, other governments, or other funds. The Local Fund is a Fiduciary Fund, which accounts for money received by the Department from various political subdivisions and other interested parties. This fund is segregated in its own bank account and used to reimburse Department funds for expenditures incurred by the Department on behalf of the political subdivision or other interested parties.

**Account Groups:** The Department also maintains two account groups as described below:

- *General Fixed Assets Account Group:* This is not a fund but rather an account group that is used to account for general fixed assets acquired through Governmental Fund Types. General fixed assets do not represent financial resources available for appropriation or expenditure.
- *General Long-term Debt Account Group:* This accounts for general long-term debt and other long-term liabilities relating to Governmental Fund Types. Long-term debt and liabilities include contracts, certificates of participation, compensated absences, and claims and judgments.

#### **C. Fixed Assets**

Fixed assets owned by the Department and component units are stated at cost. Additions, improvements, and expenditures that significantly extend the useful life of an asset are capitalized. Fixed assets recorded in the General Fixed Assets Account Group are not depreciated.

Public domain (infrastructure) general fixed assets (e.g., roads, bridges, and other assets that are immovable and of value only to the government) are not capitalized.

#### **D. Reservations of Fund Equity**

The unreserved fund balances for Governmental Funds represent the amount available for budgeting future operations. A portion of the fund equity has been earmarked (e.g., reserved) to indicate it cannot be used for expenditure of current resources in Governmental Fund Types.

# MISSOURI DEPARTMENT OF TRANSPORTATION

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### ***E. Compensated Absences***

Under the terms of the Department's personnel policy, Department employees are granted 10 to 14 hours of vacation per month. Additionally, certain employees can accrue a maximum of 240 hours of compensatory time for unpaid overtime. Employees had accrued vacation and compensatory time available amounting to \$29,450,551, of which \$55,083 and \$4,023,283 are included as liabilities in the General Fund and State Highways and Transportation Department Fund, respectively, and the remainder recorded as a liability in the General Long-term Debt Account Group. Employees are not paid for accumulated sick leave upon retirement or termination.

### ***F. Budgetary Principles and Presentation***

The combined statement of revenues, expenditures, and changes in fund balances – budget and actual is presented on the Department's budgetary basis of accounting. Under this basis, revenues are recognized when cash is received. Expenditures are recognized for cash disbursements made during the fiscal year and for adjustments made in the lapse period, as defined by the Office of Administration.

The legal authority for approval of the Department's budget and amendments for all funds, except the State Road Fund, rests with the State Legislature. The budgeted amounts lapse at the end of the lapse period. Approval of the State Road Fund budget and amendments is given by the Commission. The fund level is the legal level of control for the State Road Fund.

The Department develops its budget through processes involving each of its ten districts and the headquarters business units. Upon Commission approval, the legislative budget request is sent to the Office of Administration (OA) on October 1st which, in turn, is forwarded to the Governor's office. The Governor develops a recommendation regarding the budget and forwards both the budget request and the recommendation to the Legislature. The Legislature generally acts on budget matters during January through May. The Governor has veto authority and generally acts on those matters in June. The Department distributes funds available internally based on district and the headquarters units input and feedback. This is then submitted to the Commission for approval.



# MISSOURI DEPARTMENT OF TRANSPORTATION

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The following is a reconciliation to the difference between the Department's budgetary basis and accounting principles generally accepted in the United States of America (GAAP) basis:

	<b>General Fund</b>	<b>Special Revenue Funds</b>	<b>Capital Projects Funds</b>
Fund balance (deficit), budgetary basis	\$ 587,638	39,760,465	255,009,491
Receivables	2,944,171	100,459,873	77,674,346
Due from other funds	—	—	1,185,599
Due from other state agencies	167,163	—	—
Inventories	—	69,503	32,807,471
Accounts payable	(2,995,827)	(16,873,666)	(72,159,423)
Retainages payable	—	—	(34,952,215)
Deferred revenue	(310,301)	—	(29,712,620)
Due to other funds	(93,540)	(1,008)	—
Compensated absences	(55,083)	(4,023,283)	—
Investment market value adjustment	—	2,371,920	15,125,343
Fund balance, actual GAAP basis	<u>\$ 244,221</u>	<u>121,763,804</u>	<u>244,977,992</u>

### ***G. Deferred Revenue***

The Department has recorded deferred revenue in the State Road (Capital Projects) Fund relating to money received from political subdivisions or other interested parties advanced to the Department for costs of construction to be incurred by the Department on the political subdivision or interested parties' behalf. The revenue is recognized when the related work is performed.

### ***H. Use of Estimates***

The preparation of combined financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the combined financial statements, including accrued liabilities for compensated absences and claims and judgments. Actual results could differ from those estimates.

### ***I. Memorandum Only Total Columns***

Total columns on the combined financial statements are captioned "memorandum only" to indicate they do not represent consolidated financial information and are presented only to facilitate financial analysis. The columns do not present information that reflects financial position, results of operations, or cash flows in accordance with GAAP. Interfund eliminations have not been made in aggregation of these data.

### ***J. Statement of Cash Flows***

Pooled cash and cash equivalents include cash and repurchase agreements.

## MISSOURI DEPARTMENT OF TRANSPORTATION

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#### ***K. Related Party Transactions***

The Department sells petroleum products to various other state agencies. Significant sales related to the Missouri Highway Patrol were \$1,712,991 during the fiscal year.

#### ***L. Related Organizations***

The KCT Intermodal Transportation Corporation (KCT-ITC) and the Lake of the Ozarks Community Bridge Corporation (Bridge Corporation) are not-for-profit corporations organized under the Missouri Transportation Corporation Act. KCT-ITC is authorized to issue revenue bonds for the purpose of paying all or any part of the cost of constructing a railroad bridge to effectuate a grade separation of three at-grade rail crossings in the Blue Valley Industrial District in Kansas City, Missouri. The Bridge Corporation is authorized to issue revenue bonds for the purpose of paying all or any part of the cost of the acquisition and construction of a toll bridge over the Lake of the Ozarks in Camden County. Governing bodies consist of boards of directors appointed by the Commission. Copies of the financial statements can be requested from:

KCT Intermodal Transportation Corporation  
2345 Grand Boulevard, Suite 2500  
Kansas City, Missouri 64108

Lake of the Ozarks Community Bridge Corporation  
401 Cliffside Centre  
Lake Ozark, Missouri 65049

The KCT-ITC's obligations are financed by a cost-sharing agreement of the member railroads of Kansas City Terminal. The Commission has no control over toll rates or corporation management and does not approve any debt of the KCT-ITC. Therefore, the Commission is not considered financially accountable and information for the KCT-ITC is not included within the accompanying combined financial statements.

The Bridge Corporation's obligations are financed by toll revenue. The Commission has no control over toll rates or corporation management and does not approve any debt of the Bridge Corporation. Therefore, the Commission is not considered financially accountable and financial information for the Bridge Corporation is not included within the accompanying combined financial statements.

#### ***M. Inventories***

Inventories are valued at cost using the weighted average method. The costs of Governmental Fund Type inventories are recorded as expenditures when consumed rather than when purchased.

# MISSOURI DEPARTMENT OF TRANSPORTATION

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### (2) Cash and Investments

Missouri Statute 30.270.2 RSMo. 1994 authorizes the Department, with certain restrictions, to deposit funds in open accounts, time deposits, certificates of deposit, repurchase agreements, and United States treasury bills and notes. Statutes also require collateral pledged have a fair market value equal to 100% of the funds on deposit, less insured amounts, and the underlying investments must be assigned for the benefit of the Department. Collateral securities must be held by the Department or an independent third-party and must be of the kind prescribed by State Statutes and approved by the State Treasurer of Missouri.

Pooled cash and investments include amounts pooled in the State Treasury. Interest income earned on cash and investments pooled in the State Treasury is allocated to the funds based on the respective investment and cash balances in the Special Revenue Funds, excluding the State Transportation Trust Fund, and in the State Road Capital Projects Fund. The remaining funds do not earn interest.

*Cash* – At June 30, 2001, the carrying value of the Department's deposits at the State Treasury and third-party financial institutions were \$312,990,666 and \$4,670,603, respectively. The bank balance was \$5,891,613, of which \$146,413 was covered by federal depository insurance and \$5,745,200 was covered by collateral held by a third-party bank under a joint custody agreement. Monies were also deposited in overnight repurchase agreements held by the dealer bank's trust department in the Department's name.

The MTFC (discretely presented component unit) had deposits with a carrying amount and bank balance at June 30, 2001 of \$109,030. Of the bank balance, \$100,000 was covered by federal depository insurance and \$9,030 was covered by collateral held by a third-party bank under a joint custody agreement. Monies were also deposited in overnight repurchase agreements held by the dealer bank's trust department in the MTFC's name.

*Investments* – The Department's investments at market value are categorized below to give an indication of the level of custodial risk assumed by the Department at year-end. Category A includes investments which are insured or registered, or for which the securities are held by the Department or its agent in the Department's name or under joint custody agreements. Category B includes uninsured and unregistered investments for which the securities are held by the financial institution's trust department in the Department's name. Category C includes uninsured, unregistered investments for which the securities are held by the financial institution or its trust department or its agent, but not in the Department's name.

Type	Category			Fair Value
	A	B	C	
Repurchase agreements	\$ 31,514,897	—	—	31,514,897
U. S. treasury securities	—	37,675,068	—	37,675,068
	<u>\$ 31,514,897</u>	<u>37,675,068</u>	<u>—</u>	69,189,965
Total deposits (categorized above)				<u>317,661,269</u>
Total primary government				<u>\$ 386,851,234</u>

# MISSOURI DEPARTMENT OF TRANSPORTATION

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At June 30, 2001, the Department's deposits and investments consist of the following:

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Proprietary</u>	<u>Agency</u>
Pooled cash and investments:					
Cash and investments pooled in the State Treasury	\$ 587,638	42,277,788	248,174,347	—	—
Cash deposited with banks	—	—	—	4,670,603	—
Repurchase agreements	—	—	—	429,000	—
Government securities	—	—	—	22,709,678	—
	<u>\$ 587,638</u>	<u>42,277,788</u>	<u>248,174,347</u>	<u>27,809,281</u>	<u>—</u>
Interest receivable	<u>\$ —</u>	<u>866,381</u>	<u>2,457,298</u>	<u>300,693</u>	<u>—</u>
Restricted assets:					
Cash and investments pooled in the State Treasury	\$ —	—	21,950,893	—	—
Repurchase agreements	—	—	—	—	31,085,897
Government securities	—	—	—	—	14,965,390
	<u>\$ —</u>	<u>—</u>	<u>21,950,893</u>	<u>—</u>	<u>46,051,287</u>

### (3) Taxes

Tax revenues for the year were as follows:

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Total</u>
Fuel tax	\$ 469,199,128	83,843	469,282,971
Vehicle sales and use tax	<u>44,119,237</u>	<u>128,794,638</u>	<u>172,913,875</u>
	<u>\$ 513,318,365</u>	<u>128,878,481</u>	<u>642,196,846</u>

Taxes are remitted by the Missouri Department of Revenue to the Department subsequent to collection. The Department receives the following taxes:

- *Fuel tax* is paid on the sale of gasoline, aviation fuel used in propelling aircraft with reciprocating engines, and special fuel (primarily diesel fuel and liquefied petroleum gas) authorized by Sections 142.010 – 142.350; 155.080 and 155.090; and 142.362 – 142.621, RSMo., respectively. The tax rate on gasoline is \$.17 per gallon. The Department receives 75% of the first \$.11 and 70% of the next \$.06. The remaining tax is distributed to cities and counties. The tax rate on aviation fuel is \$.09 per gallon and on special fuels is \$.17 per gallon.

# MISSOURI DEPARTMENT OF TRANSPORTATION

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- *Vehicle sales and use taxes* are paid on the purchase of any new or used motor vehicle or trailer and on vehicles purchased out of state and titled in Missouri or a tax on the sale of a vehicle between individuals within Missouri. The taxes are authorized by Sections 144.070 and 144.440, RSMo., respectively. The general sales tax rate is 3% and Proposition C tax (RSMo. 144.701) is 1% for a total of 4%. Of the 4%, the Department receives 75% of 50% of the tax. The remaining 25% is distributed to cities and counties. The Department receives 100% of the 3% general use tax and 75% of the Proposition C use tax, and the other 25% is distributed to cities and counties.

### (4) Interfund Transactions

Operating transfers for the year are:

	<u>Transfers In</u>	<u>Transfers Out</u>
State Highways and Transportation Department (Special Revenue) Fund	\$ 33,500,000	142,992,790
State Road (Capital Projects) Fund	<u>142,992,790</u>	<u>33,500,000</u>
	<u>\$ 176,492,790</u>	<u>176,492,790</u>

Amounts due to/from other funds at year-end were as follows:

	<u>Due To</u>	<u>Due From</u>
General Fund	\$ —	93,540
Aviation Trust (Special Revenue) Fund	—	1,008
State Road (Capital Projects) Fund	1,185,599	—
Local Agency Fund	<u>—</u>	<u>1,091,051</u>
	<u>\$ 1,185,599</u>	<u>1,185,599</u>

# MISSOURI DEPARTMENT OF TRANSPORTATION

## Notes to Combined Financial Statements

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### (5) Receivables

Receivables at June 30, 2001 were as follows:

Type	General	Special Revenue	Capital Projects	Internal Service	Total Primary Government	Component Unit
Federal government	\$ 2,944,171	—	37,762,412	—	40,706,583	—
Taxes	—	96,941,858	13,246,820	—	110,188,678	—
Reimbursements	—	—	24,207,816	74,637	24,282,453	—
Interest	—	866,381	2,457,298	300,693	3,624,372	24,151
Contributions	—	—	—	31,612	31,612	—
Notes	—	2,651,634	—	—	2,651,634	16,602,973
Total	<u>\$ 2,944,171</u>	<u>100,459,873</u>	<u>77,674,346</u>	<u>406,942</u>	<u>181,485,332</u>	<u>16,627,124</u>

The federal government receivable represents funds to be received on federally participating projects. Notes receivable in the Special Revenue Funds represent loans to the cities and counties for nonhighway related projects. Notes receivable and the component units primarily represent loans made by the MTFC to various political subdivisions.

### (6) Long-Term Debt

Type of Issue	Beginning Balance	Additions	Reductions	Discount Accreted	Ending Balance
State road bonds	\$ —	250,000,000	—	—	250,000,000
Advances from other governments	11,200,766	9,440,317	7,215,160	—	13,425,923
Advances from component units	65,306,913	12,732,930	14,731,818	591,084	63,899,109
Federal Highway Administration loan	15,000,000	—	—	—	15,000,000
Capital leases	782,174	2,519,150	827,212	—	2,474,112
Compensated absences	25,265,041	21,625,142	21,427,998	—	25,462,185
	<u>\$ 117,554,894</u>	<u>296,317,539</u>	<u>44,202,188</u>	<u>591,084</u>	<u>370,261,329</u>

# MISSOURI DEPARTMENT OF TRANSPORTATION

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The detail of long-term debt at June 30, 2001 follows:

Series A State Road Fund bonds for the acceleration of projects in the Department's 5-year plan due in annual installments of \$6,610,000 to \$20,315,000 beginning February 1, 2002; interest varying from 4.25% to 5.63%	\$ 250,000,000
Advances from other governments:	
County of St. Charles to provide for the design of Route D in St. Charles County; principal due on January 2, 2002; no interest will accrue	\$ 991,953
County of St. Charles to provide for the reconstruction of the I-70 and Route 94 interchange; principal due on January 15, 2002; no interest will accrue	93,449
Scott County Transit for the development of an industrial park at the intersection of Route H and HH; principal due on July 31, 2001; no interest will accrue	3,600,000
City of St. Charles to provide for the reconstruction of the I-70 and Route 94 interchange; principal due on January 15, 2002; no interest will accrue	93,450
Missouri Development Finance Board to upgrade Route 40 and develop the Route DD and Route 40 interchange; principal due on August 1, 2004; no interest will accrue	7,700,000
City of Mexico Missouri for the widening of Route 22; principal due in April 2004; no interest will accrue	947,071
	<u>\$ 13,425,923</u>
Advances from component units:	
MTFC for the construction of the Cape Girardeau Bridge, principal payments due through August 1, 2003; principal payments range from \$2,000,000 to \$7,000,000; interest at the average rate earned on the State Road Fund for the sixty days prior to the payment due date (5.21% as of June 30, 2001)	\$ 19,000,000
Highway 179 Corporation for the construction of Highway 179; principal payments due through August 1, 2008; principal payments range from \$2,140,734 to \$2,946,997; interest at 3.19%	16,385,244
210 Highway Transportation Development District for the widening of 210 Highway; principal payments begin July 2006 and conclude July 2007; principal payments range from \$965,504 to \$2,375,000; no interest will accrue	7,115,000
Springfield, Missouri State Highway Improvement Corporation for widening and improvements to the West Bypass; principal payments due through August 2005; principal payments range from \$3,667,000 to \$5,000,000; no interest will accrue	16,690,000
Fulton 54 Transportation Corporation for the right-of-way acquisition and utility adjustments for Route 54 and HH interchange; principal payments will occur on September 1, 2004, 2005, and 2006; no interest will accrue	4,376,071
Wentzville Parkway Transportation Corporation for the expansion and reconstruction of the I-70 interchange and Wentzville Parkway; principal payment due July 1, 2006; no interest will accrue	332,794
	<u>\$ 63,899,109</u>

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## Notes to Combined Financial Statements

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Federal Highway Administration loan; for the extension of Page Avenue in St. Charles; principal payment due as early as January 1, 2006; no interest will accrue	\$ 15,000.000
Capital lease obligations:	
1997 lease-purchase of 3 Area Engineers offices, due in monthly installments of \$5,674 through January 2002; interest at 5.98%	\$ 13.240
1997 lease-purchase of copier, due in monthly installments of \$695 through September 2002; interest at 5.96%	10.429
1998 lease-purchase of various computer equipment, due in monthly installments of \$535 to \$1,600 through August 2002; interest varying from 5.25% to 9.14%	165.709
1998 lease-purchase of digital recorders, due in yearly installments of \$3,453 through June 2002; interest at 0%	3.453
1998 lease-purchase of various copiers, due in monthly installments of \$166 to \$1,319 through November 2003; interest varying from 0% to 16.02%	99.203
1998 John Deere Trackhoe, due in monthly installments of \$3,400 through October 2002; interest at 5.90%	54.400
1999 Morbank E-Z Chipper, due in monthly installments of \$625 through February 2003; interest at 0%	12.500
2000 John Deere Motorgraders due in monthly installments of \$2,625 to \$19,688 through August 2008; interest at 0%	1,781.062
2000 lease-purchase of various copiers, due in monthly installments of \$266 to \$375 through December 2004; interest varying from 0% to 22.69%	38.491
2001 lease-purchase of various copiers, due in monthly installments of \$82 to \$4,212 through April 2006; interest varying from 0% to 18.87%	295.625
	<u>\$ 2,474.112</u>



# MISSOURI DEPARTMENT OF TRANSPORTATION

## Notes to Combined Financial Statements

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Annual debt service requirements to maturity:

<b>Fiscal Year</b>	<b>Principal Due</b>	<b>Interest Due</b>	<b>Total Due</b>
State road bonds:			
2002	\$ 6,610,000	15,340,893	21,950,893
2003	8,515,000	12,865,107	21,380,107
2004	8,910,000	12,469,037	21,379,037
2005	9,350,000	12,028,207	21,378,207
2006	9,810,000	11,569,037	21,379,037
Thereafter	206,805,000	92,513,561	299,318,561
	<u>\$ 250,000,000</u>	<u>156,785,842</u>	<u>406,785,842</u>
Advances from other governments:			
2002	\$ 4,778,852	—	4,778,852
2003	—	—	—
2004	947,071	—	947,071
2005	7,700,000	—	7,700,000
	<u>\$ 13,425,923</u>	<u>—</u>	<u>13,425,923</u>
Advances from component units:			
2002	\$ 14,290,990	1,512,682	15,803,672
2003	14,448,498	1,074,887	15,523,385
2004	12,422,131	823,500	13,245,631
2005	6,443,965	485,720	6,929,685
2006	4,928,808	403,117	5,331,925
Thereafter	11,364,717	314,936	11,679,653
	<u>\$ 63,899,109</u>	<u>4,614,842</u>	<u>68,513,951</u>
Capital leases:			
2002	\$ 594,105	34,954	629,059
2003	397,089	18,418	415,507
2004	335,601	10,775	346,376
2005	329,358	6,150	335,508
2006	304,035	1,314	305,349
Thereafter	442,313	—	442,313
	<u>\$ 2,402,501</u>	<u>71,611</u>	<u>2,474,112</u>

On May 30, 2000, the Governor approved House Bill 1742 which permits the General Assembly to authorize the Commission to issue up to \$2 billion in bonds in fiscal years 2001 to 2006. No more than \$500 million may be issued in any one year. The Commission has authorized the sale of \$200 million in bonds in fiscal year 2002.

# MISSOURI DEPARTMENT OF TRANSPORTATION

## Notes to Combined Financial Statements

June 30, 2001

### (7) Fixed Assets

Changes in general fixed assets are summarized below (in thousands of dollars):

	<b>Balances July 1, 2000</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balances June 30, 2001</b>
Land	\$ 18,652	2,018	1,080	19,590
Land improvements	8,286	1,321	459	9,148
Buildings	143,676	12,220	13,838	142,058
Construction in progress	37,789	8,420	19,720	26,489
Equipment	339,315	27,093	56,398	310,010
Total	<u>\$ 547,718</u>	<u>51,072</u>	<u>91,495</u>	<u>507,295</u>

Component unit fixed assets as of June 30, 2001 consisted of construction in progress totaling \$13,256,385.

### (8) Risk Management

Various lawsuits against the Department arise incident to the Department's normal operations. These include workers' compensation, vehicle liability, general liability, inverse condemnation, and contractor suits. It is the policy of the Department not to purchase commercial insurance, but to manage its risks internally by setting aside assets for the settlement of certain claims in its Internal Service Fund, the Self-Insurance Fund. The Self-Insurance Fund services claims for workers' compensation, vehicle liability, and general liability. Per Section 537.610, RSMo., the liability of the state and its public entities on claims within the scope of Sections 537.600 to 537.650 shall not exceed \$2,079,420 for all claims arising out of a single accident or occurrence and shall not exceed \$311,913 for any one person in a single accident or occurrence as established by the Missouri Department of Insurance, except for those claims governed by the provisions of the Missouri Workers' Compensation Law, Chapter 287 RSMo.

Liabilities for incurred losses related to workers' compensation and general and vehicle liability claims are reported at their discounted value, assuming an investment yield of 6%.

Inverse condemnation and contractor suits are paid from the State Road Fund.

Liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Estimated claims payable represents the Department's determination of the expected losses to be realized on known claims pending. Department personnel estimate the claims liability based on prior claims experience. Estimated unreported claims represent expected losses or claims incurred but not reported. The unreported claims liability is established from data provided by an actuary.

## MISSOURI DEPARTMENT OF TRANSPORTATION

### Notes to Combined Financial Statements

June 30, 2001

#### **(9) Defined Benefit Pension Plan**

Membership in the Highway and Transportation Employee's and Highway Patrol Retirement System (the Retirement System) was established, and is administered, by a Board of Trustees in accordance with the Revised Statutes of Missouri.

As it relates to the Department, the Retirement System is a cost-sharing multiemployer public employee retirement plan which provides retirement, death, and disability benefits to full-time employees (defined as at least 1,000 hours to be worked annually), with benefits vesting after five years of creditable service. Contributions to the Retirement System are 23.29% of covered payroll. The Department made the required contribution of \$55,780,997. Any amendments to the plan are established by the Retirement System Board of Trustees.

Employees do not contribute to the Retirement System. The Retirement System's funding policy provides for actuarially determined employer contributions using the entry-age normal cost method on a closed group basis (consisting of normal cost and amortization of any unfunded accrued liabilities over a thirty-six year period). Actuarially determined rates, expressed as percentages of annual covered payroll, provide for amounts sufficient to fund those benefits designated by State Statute to be funded in advance. Contributions for the special consultant fees are funded on an actuarial basis.

The Retirement System issues its own stand-alone financial report. Copies may be requested from:

Highway and Transportation Employees' and  
Highway Patrol Retirement System  
P.O. Box 1930  
Jefferson City, Missouri 65102

#### **(10) Insurance Plan**

The Highway Employees' and Highway Patrol Insurance Plan (the Medical and Life Plan) Internal Service Fund accounts for the medical coverage provided on a self-insured basis and life insurance benefits, underwritten by a commercial insurance company, for Department employees and members of the Missouri State Highway Patrol. Changes to the plan are required to be approved by the Commission.

Incurred but not reported claims of \$8,356,000 are reported in the Medical and Life Plan as of June 30, 2001. These medical and prescription drug reserves are estimated based upon lag reports using an eighteen month run-off.

# MISSOURI DEPARTMENT OF TRANSPORTATION

## Notes to Combined Financial Statements

June 30, 2001

### (11) Commitments and Contingencies

#### *Unemployment Benefits*

The Department is subject to the Missouri Employment Security Law. Department employees who qualify are entitled to benefit payments during periods of unemployment. The Department is required to reimburse the Employment Division for benefit payments made to its former employees. There appears to be no practical method of estimating the amount of future benefit payments which may be made to former employees for wage credits earned prior to June 30, 2001. Consequently, this potential obligation is not included in the accompanying combined financial statements. Total reimbursements made by the Department during the fiscal year were \$194,729.

#### *Construction Commitments*

Construction awards outstanding for both state and federal participating projects at June 30, 2001 amounted to approximately \$1,008,879,000. The federal portion of this total was approximately \$783,442,000 or 78%.

#### *Federal Funding*

The Department receives federal grants which are subject to review and audit by federal grantor agencies. This could result in requests for reimbursements to the grantor agency for any expenditures which are disallowed under grant terms. The Department believes that such disallowances, if any, would be immaterial.

#### *Operating Leases*

The Department is committed under leases for various office and maintenance equipment. Rental expenditures for the year ended June 30, 2001 amounted to \$2,763,642. Future minimum lease payments for these leases are as follows:

2002	\$ 1,925,404
2003	724,706
2004	63,294
2005	10,381
2006	5,290
Thereafter	<u>850</u>

#### *Hancock Amendment*

The Missouri Constitution bars the general assembly from imposing taxes which, together with all other revenues of the state, excluding federal funds, exceed a specified revenue limit. The revenue limit is calculated by dividing total state revenues by the personal income of Missouri in 1979 multiplied by the personal income of Missouri in either the calendar year prior to the calendar year in which appropriations for the fiscal year for which the calculation is being made or the average of personal income of Missouri in the previous three calendar years, whichever is greater. In the event total state revenues exceed the revenue limit by 1% or more, excess revenues are refunded to taxpayers.

# MISSOURI DEPARTMENT OF TRANSPORTATION

## Notes to Combined Financial Statements

June 30, 2001

During fiscal year 2001, refunds computed in accordance with this amendment for fiscal year 1999 were disbursed from the funds as follows: the Motor Fuel Tax Fund (\$7,306,617), the State Highway and Transportation Department Special Revenue Fund (\$1,985,777), the State Road Capital Projects Fund (\$285,024), the Aviation Trust Special Revenue Fund (\$40,151), and the State Transportation Assistance Revolving Fund (\$722). No liability has been recorded for future refunds because such refunds are liabilities of the state until appropriated from the Department's funds.

### ***Litigation***

The Department is defending litigation brought by certain levee districts seeking to assess the Department for levee improvements. The Department contends that, among other defects, the demanded payments from the State Road Fund are unconstitutional and even if proper, the levee districts are improperly calculating the alleged benefits to the Department. Currently, the Department is unable to predict the ultimate outcome of these cases, but intends to defend its position vigorously.

### **(12) Prior Period Adjustment**

Prior period adjustments were made in the State Highways and Transportation Fund Special Revenue Fund, State Transportation Special Revenue Fund, and the State Road Capital Projects Fund as a result of the implementation of Statement No. 33 of the GASB, *Accounting and Financial Reporting for Nonexchange Transactions*. The adjustments to the Special Revenue and Capital Projects Fund Types had the following effects on fund balance:

	<b>Special Revenue Fund Balance</b>	<b>Capital Projects Fund Balance</b>
Balance at June 30, 2000, as previously reported	\$ 84,690,567	92,496,790
Accounting change to comply with Statement No. 33	<u>2,698,175</u>	<u>8,781,709</u>
Balance at June 30, 2000, as restated	<u>\$ 87,388,742</u>	<u>101,278,499</u>

## **COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES**

The supplemental financial presentation contains data beyond what is included in the combined financial statements. These data are presented to provide additional financial information in order to better inform the users of the combined financial statements.

### **GENERAL FUND**

The Department receives appropriations from the State's General Fund for federal funds advanced or reimbursed and funds used to initially fund or provide matching funds or support for programs paid wholly or partially from other sources.

## MISSOURI DEPARTMENT OF TRANSPORTATION

## General Fund

Schedule of Revenues, Expenditures, and Changes  
in Fund Balance – Budget and Actual (Budget Basis)

For the Year Ended June 30, 2001

	<u>Budget</u>	<u>Actual</u>
Revenues:		
Appropriations	\$ 14,076,223	13,407,684
Federal	29,372,026	28,454,324
Local match	<u>1,617,974</u>	<u>1,617,974</u>
Total revenues	<u>45,066,223</u>	<u>43,479,982</u>
Expenditures:		
Multimodal operations:		
Personal service	1,040,352	942,702
Fringes	340,468	261,440
Expense and equipment	695,004	165,345
Reimbursement to State Road Fund for professional and technical services provided	115,625	96,869
Transit	33,009,540	19,931,995
Rail	5,636,129	5,132,384
Aviation	18,687,173	10,546,134
Waterways	870,617	870,615
Mississippi Parkway Commission	36,375	36,327
Article X refunds	57	57
Construction	<u>414,144</u>	<u>166,253</u>
Total expenditures	<u>60,845,484</u>	<u>38,150,121</u>
Excess of revenues over (under) expenditures	<u>\$ (15,779,261)</u>	5,329,861
Fund balance, beginning of year		<u>(4,742,223)</u>
Fund balance, end of year		<u>\$ 587,638</u>

See accompanying independent auditors' report.



## **SPECIAL REVENUE FUNDS**

Special Revenue Funds account for revenue sources that are legally restricted to expenditure for specific purposes.

***State Highways and Transportation Department Fund*** – This fund is established by Section 226.200, RSMo. to receive revenues derived from the use of state highways. This fund pays the costs incurred to collect that revenue, to administer the Highway and Transportation Commission and the Department of Transportation, to administer and enforce any state motor vehicle laws or traffic regulations, and to provide other related functions.

***State Transportation Fund*** – This fund is constitutionally established to receive 1% of one-half of the 3% state sales tax on all motor vehicles. As provided by Section 226.225, RSMo., appropriations from this fund authorize the disbursements for transportation purposes other than road and highway construction and maintenance.

***Aviation Trust Fund*** – This fund is established by Section 155.090, RSMo. to account for all sales and use tax revenues upon aviation fuels. As provided by Section 305.230, RSMo., appropriations from this fund authorize disbursements for various aviation maintenance, safety, and airport planning projects.

***State Transportation Assistance Revolving Fund*** – This fund is established by Section 226.191, RSMo. to assist in the planning, acquisition, development, and construction of transportation facilities other than highways in Missouri to be funded with state appropriations, contributions, federal monies, and other public and private sources.

## MISSOURI DEPARTMENT OF TRANSPORTATION

## Combining Balance Sheet – All Special Revenue Funds

June 30, 2001

<b>Assets</b>	<b>State Highways and Transportation Department</b>	<b>State Transportation</b>	<b>Aviation Trust</b>	<b>State Transportation Assistance Revolving</b>	<b>Totals</b>
Pooled cash and investments	\$ 32,917,560	145,061	9,105,788	109,379	42,277,788
Receivables:					
Taxes	96,424,568	147,087	370,203	—	96,941,858
Interest	771,281	—	84,828	10,272	866,381
Notes	—	—	—	2,651,634	2,651,634
Inventories	69,503	—	—	—	69,503
Total assets	<u>\$ 130,182,912</u>	<u>292,148</u>	<u>9,560,819</u>	<u>2,771,285</u>	<u>142,807,164</u>
<b>Liabilities and Fund Equity</b>					
Liabilities:					
Accounts payable	\$ 16,750,135	1,957	266,977	—	17,019,069
Due to other funds	—	—	1,008	—	1,008
Compensated absences	3,997,115	4,913	21,255	—	4,023,283
Total liabilities	<u>20,747,250</u>	<u>6,870</u>	<u>289,240</u>	<u>—</u>	<u>21,043,360</u>
Fund equity:					
Fund balance:					
Reserved for inventories	69,503	—	—	—	69,503
Reserved for loans receivable	—	—	—	2,651,634	2,651,634
Unreserved	109,366,159	285,278	9,271,579	119,651	119,042,667
Total fund equity	<u>109,435,662</u>	<u>285,278</u>	<u>9,271,579</u>	<u>2,771,285</u>	<u>121,763,804</u>
Total liabilities and fund equity	<u>\$ 130,182,912</u>	<u>292,148</u>	<u>9,560,819</u>	<u>2,771,285</u>	<u>142,807,164</u>

See accompanying independent auditors' report.

## MISSOURI DEPARTMENT OF TRANSPORTATION

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances –  
All Special Revenue Funds

For the Year Ended June 30, 2001

	State Highways and Transportation Department	State Transportation	Aviation Trust	State Transportation Assistance Revolving	Totals
Revenues:					
Taxes	\$ 506,351,274	1,613,427	5,353,664	—	513,318,365
Licenses, fees, and permits	182,471,408	—	—	—	182,471,408
Investment and interest	6,122,424	1,686	950,403	119,572	7,194,085
Cost reimbursements	2,776,733	—	—	—	2,776,733
Appropriations	—	7,116,938	—	—	7,116,938
Total revenues	<u>697,721,839</u>	<u>8,732,051</u>	<u>6,304,067</u>	<u>119,572</u>	<u>712,877,529</u>
Expenditures:					
Personal service	482,336,758	36,550	33,567	—	482,406,875
Operating	56,106,417	371	41,822	—	56,148,610
Specific programs	686,388	—	—	—	686,388
Equipment purchases	9,511,186	—	—	—	9,511,186
Miscellaneous	6,431,300	—	—	—	6,431,300
Intergovernmental	—	9,247,857	3,173,542	—	12,421,399
Property and improvements	1,403,919	—	—	—	1,403,919
Total expenditures	<u>556,475,968</u>	<u>9,284,778</u>	<u>3,248,931</u>	<u>—</u>	<u>569,009,677</u>
Excess of revenues over (under) expenditures	<u>141,245,871</u>	<u>(552,727)</u>	<u>3,055,136</u>	<u>119,572</u>	<u>143,867,852</u>
Other financing sources (uses):					
Operating transfers in	33,500,000	—	—	—	33,500,000
Operating transfers out	(142,992,790)	—	—	—	(142,992,790)
Total other financing uses	<u>(109,492,790)</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(109,492,790)</u>
Excess of revenues and other financing sources over (under) expenditures and other uses	<u>31,753,081</u>	<u>(552,727)</u>	<u>3,055,136</u>	<u>119,572</u>	<u>34,375,062</u>
Fund balances, beginning of year	<u>77,682,581</u>	<u>838,005</u>	<u>6,216,443</u>	<u>2,651,713</u>	<u>87,388,742</u>
Fund balances, end of year	<u>\$ 109,435,662</u>	<u>285,278</u>	<u>9,271,579</u>	<u>2,771,285</u>	<u>121,763,804</u>

See accompanying independent auditors' report

## MISSOURI DEPARTMENT OF TRANSPORTATION

## State Highways and Transportation Department Fund

Schedule of Revenues, Expenditures, and Changes  
in Fund Balance – Budget and Actual (Budget Basis)

For the Year Ended June 30, 2001

	<u>Budget</u>	<u>Actual</u>
Revenues:		
Fuel taxes	\$ 491,020,311	470,121,765
Vehicle sales and use taxes	41,840,476	36,538,338
Licenses, fees, and permits	185,103,504	180,067,038
Interest	2,755,856	4,159,074
Cost reimbursements	4,034,732	2,785,749
Total revenues	<u>724,754,879</u>	<u>693,671,964</u>
Expenditures:		
Administration:		
Personal service	26,911,742	26,387,584
Fringe	14,577,135	13,900,580
Expense and equipment	10,771,241	10,756,864
Maintenance:		
Personal service	121,160,585	116,589,793
Fringe	58,982,663	50,229,173
Construction:		
Personal service	82,129,991	81,543,826
Fringe	37,226,884	33,450,082
Service operations:		
Personal service	16,451,150	15,865,844
Fringe	7,406,367	6,634,039
Expense and equipment	1,209,543	996,499
Multimodal operations:		
Personal service	162,376	161,535
Fringe	57,505	46,835
Article X Hancock refunds	1,985,777	1,985,777
Appropriations spent by other state agencies	<u>188,559,462</u>	<u>182,575,076</u>
Total expenditures	<u>567,592,421</u>	<u>541,123,507</u>
Excess of revenues over expenditures	<u>\$ 157,162,458</u>	<u>152,548,457</u>
Other financing sources (uses):		
Operating transfers from other funds		33,500,000
Operating transfers to other funds		<u>(142,992,789)</u>
Total other financing uses		<u>(109,492,789)</u>
Excess of revenues and other financing sources over expenditures and other financing uses		43,055,668
Fund balance, beginning of year		<u>(12,136,347)</u>
Fund balance, end of year		<u>\$ 30,919,321</u>

See accompanying independent auditors' report.

## MISSOURI DEPARTMENT OF TRANSPORTATION

## State Transportation Fund

Schedule of Revenues, Expenditures, and Changes  
in Fund Balance – Budget and Actual (Budget Basis)

For the Year Ended June 30, 2001

	<u>Budget</u>	<u>Actual</u>
Revenues:		
Appropriations	\$ 8,367,977	7,116,938
Vehicles sales tax	<u>1,175,000</u>	<u>1,548,219</u>
Total revenues	<u>9,542,977</u>	<u>8,665,157</u>
Expenditures:		
Multimodal operations:		
Personal service	44,977	21,070
Reimbursement to the Road Fund		
for professional and technical services	30,920	30,920
Transit	8,116,938	8,116,937
Rail	1,135,853	1,100,000
Fringes	<u>11,556</u>	<u>8,982</u>
Total expenditures	<u>9,340,244</u>	<u>9,277,909</u>
Excess of revenues over (under) expenditures	\$ <u>202,733</u>	(612,752)
Fund balance, beginning of year		<u>757,815</u>
Fund balance, end of year		\$ <u>145,063</u>

See accompanying independent auditors' report.

## MISSOURI DEPARTMENT OF TRANSPORTATION

## Aviation Trust Fund

Schedule of Revenues, Expenditures, and Changes  
in Fund Balance – Budget and Actual (Budget Basis)

For the Year Ended June 30, 2001

	<u>Budget</u>	<u>Actual</u>
Revenues:		
Sales and use taxes	\$ 4,563,144	4,519,226
Fuel taxes	434,000	464,235
Interest	336,856	413,236
Total revenues	<u>5,334,000</u>	<u>5,396,697</u>
Expenditures:		
Multimodal operations – aviation	4,572,709	2,959,692
Article X Hancock refunds	<u>40,151</u>	<u>40,151</u>
Total expenditures	<u>4,612,860</u>	<u>2,999,843</u>
Excess of revenues over expenditures	<u>\$ 721,140</u>	2,396,854
Fund balance, beginning of year		<u>6,196,409</u>
Fund balance, end of year		<u>\$ 8,593,263</u>

See accompanying independent auditors' report.

## MISSOURI DEPARTMENT OF TRANSPORTATION

## State Transportation Assistance Revolving Fund

Schedule of Revenues, Expenditures, and Changes  
in Fund Balance – Budget and Actual (Budget Basis)

For the Year Ended June 30, 2001

	<u>Budget</u>	<u>Actual</u>
Revenues:		
Principal and interest on STAR fund loans	\$ 287,037	248,073
Interest	<u>122,105</u>	<u>120,338</u>
Total revenues	<u>409,142</u>	<u>368,411</u>
Expenditures:		
STAR fund loan disbursement	1,350,000	770,000
Article X Hancock refunds	<u>722</u>	<u>722</u>
Total expenditures	<u>1,350,722</u>	<u>770,722</u>
Excess of revenues under expenditures	\$ <u><u>(941,580)</u></u>	(402,311)
Fund balance, beginning of year		<u>505,129</u>
Fund balance, end of year		\$ <u><u>102,818</u></u>

See accompanying independent auditors' report.

## **CAPITAL PROJECTS FUNDS**

Capital Projects Funds account for resources used for the acquisition and/or construction of capital projects not being financed by other funds.

***State Road Fund*** – This fund is constitutionally established to receive monies from the motor vehicle sales tax, the federal government, transfers from the State Highways and Transportation Department Fund and the State's Motor Fuel Tax Fund, and any other revenues held by the Department not required to be in another fund. Appropriated disbursements consist of costs incurred to construct, improve, and maintain the state highway system.

***Third State Building Trust Fund*** – Appropriations from this fund include certain Department capital improvement projects.



## MISSOURI DEPARTMENT OF TRANSPORTATION

## Combining Balance Sheet – All Capital Projects Funds

June 30, 2001

<b>Assets</b>	<b>State Road</b>	<b>Third State Building Trust</b>	<b>Totals</b>
Cash	\$ 248,174,347	—	248,174,347
Receivables:			
Taxes	13,246,820	—	13,246,820
Federal government	37,762,412	—	37,762,412
Cost reimbursements	24,207,816	—	24,207,816
Interest	2,457,298	—	2,457,298
Due from other funds	1,185,599	—	1,185,599
Inventories	32,807,471	—	32,807,471
Restricted cash	21,950,893	—	21,950,893
<b>Total assets</b>	<b>\$ 381,792,656</b>	<b>—</b>	<b>381,792,656</b>
<b>Liabilities and Fund Equity</b>			
Liabilities:			
Accounts payable	\$ 72,149,829	—	72,149,829
Retainages payable	34,952,215	—	34,952,215
Deferred revenue	29,712,620	—	29,712,620
<b>Total liabilities</b>	<b>136,814,664</b>	<b>—</b>	<b>136,814,664</b>
Fund equity:			
Fund balance:			
Reserved for inventories	32,807,471	—	32,807,471
Unreserved	212,170,521	—	212,170,521
<b>Total fund equity</b>	<b>244,977,992</b>	<b>—</b>	<b>244,977,992</b>
<b>Total liabilities and fund equity</b>	<b>\$ 381,792,656</b>	<b>—</b>	<b>381,792,656</b>

See accompanying independent auditors' report.

## MISSOURI DEPARTMENT OF TRANSPORTATION

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances –  
All Capital Projects Funds

For the Year Ended June 30, 2001

	State Road	Third State Building Trust	Totals
Revenues:			
Taxes	\$ 128,878,481	—	128,878,481
Licenses, fees, and permits	103,607,566	—	103,607,566
Interest	23,767,401	—	23,767,401
Cost reimbursements	70,397,735	—	70,397,735
Federal Highway Administrator	601,737,363	—	601,737,363
Total revenues	928,388,546	—	928,388,546
Expenditures:			
Current:			
Operating	201,112,808	—	201,112,808
Specific programs	46,683	—	46,683
Equipment purchases	33,825,275	—	33,825,275
Miscellaneous	5,260,704	—	5,260,704
Intergovernmental	4,130,239	—	4,130,239
Property and improvements	905,316,523	—	905,316,523
Debt service:			
Principal and interest	24,001,717	—	24,001,717
Bond issue costs	1,622,282	—	1,622,282
Total expenditures	1,175,316,231	—	1,175,316,231
Revenues under expenditures	(246,927,685)	—	(246,927,685)
Other financing sources (uses):			
Proceeds from issuance of long-term debt	281,134,388	—	281,134,388
Operating transfers in	142,992,790	—	142,992,790
Operating transfers out	(33,500,000)	—	(33,500,000)
Total other financing sources	390,627,178	—	390,627,178
Excess of revenues and other financing sources over expenditures and other financing uses	143,699,493	—	143,699,493
Fund balances, beginning of year	101,278,499	—	101,278,499
Fund balances, end of year	\$ 244,977,992	—	244,977,992

See accompanying independent auditors' report.

## MISSOURI DEPARTMENT OF TRANSPORTATION

## State Road Fund

Schedule of Revenues, Expenditures, and Changes  
in Fund Balance – Budget and Actual (Budget Basis)

For the Year Ended June 30, 2001

	<u>Budget</u>	<u>Actual</u>
Revenues:		
Fuel taxes	\$ 325,689	83,843
Licenses, fees, and permits	95,177,496	97,949,356
Vehicle sales and use taxes	137,960,524	125,780,535
Interest	11,789,144	12,571,181
Cost reimbursements	75,065,268	68,283,373
Federal Highway Administrator	626,350,000	592,366,097
Total revenues	<u>946,668,121</u>	<u>897,034,385</u>
Expenditures:		
Maintenance/preservation – expense and equipment	123,043,000	116,193,579
Construction:		
Preliminary and construction engineering	65,187,762	55,992,444
Contracts	797,610,145	781,650,524
ROW purchases	70,000,000	68,620,849
Service operations – expense and equipment	82,828,957	71,865,741
Multimodal operations – expense and equipment	15,000	13,250
Article X Hancock refunds	285,024	285,024
Total expenditures	<u>1,138,969,888</u>	<u>1,094,621,411</u>
Excess of revenues under expenditures	\$ <u>(192,301,767)</u>	<u>(197,587,026)</u>
Other financing sources:		
Proceeds from issuance of long-term debt		278,705,905
Operating transfers from other funds		142,992,789
Operating transfers to other funds		<u>(34,258,499)</u>
Total other financing sources		<u>387,440,195</u>
Excess of expenditures and other uses under revenues and other sources		189,853,169
Fund balance, beginning of year		<u>65,156,322</u>
Fund balance, end of year		\$ <u><u>255,009,491</u></u>

See accompanying independent auditors' report.

## MISSOURI DEPARTMENT OF TRANSPORTATION

## Third State Building Trust Fund

Schedule of Revenues, Expenditures, and Changes  
in Fund Balance – Budget and Actual (Budget Basis)

For the Year Ended June 30, 2001

	<u>Budget</u>	<u>Actual</u>
Revenues – appropriations	\$ 237,548	—
Expenditures – highway purposes	<u>237,548</u>	<u>—</u>
Revenues over expenditures	<u>\$ —</u>	<u>—</u>
Fund balance, beginning of year		<u>—</u>
Fund balance, end of year		<u>\$ —</u>

See accompanying independent auditors' report.

## INTERNAL SERVICE FUNDS

Internal Service Funds account for the financing of goods or services provided by one department or agency to other departments or agencies of a government, or to other governments, on a cost-reimbursement basis.

***Highway Employees' and Highway Patrol Insurance Plan Fund*** – This fund accounts for the medical and life insurance coverage to Department of Transportation employees and members of the Missouri State Highway Patrol. Changes to the plan are required to be approved by the Missouri Highway and Transportation Commission.

***Self-Insurance Fund*** – This fund accounts for highway and highway patrol monies used to pay workers' compensation claims. Monies are also used to pay fleet vehicle and general liability claims against the Department. Under RSMo. Chapter 287, the Department is required to establish an escrow agreement in the amount of \$200,000 to operate as a self-insurer. The Department is in compliance with this requirement and maintains contributed capital in the amount of \$210,000 in an escrow account funded by a contribution from the State Highway and Transportation Department Fund.

## MISSOURI DEPARTMENT OF TRANSPORTATION

## Combining Balance Sheet – All Internal Service Funds

June 30, 2001

<b>Assets</b>	<b>Highway Employees' and Highway Patrol Insurance Plan</b>	<b>Self- Insurance</b>	<b>Totals</b>
Cash and investments	\$ 5,012,730	22,796,551	27,809,281
Receivables:			
Interest	—	300,693	300,693
Contributions	31,612	—	31,612
Other	74,637	—	74,637
<b>Total assets</b>	<b>\$ 5,118,979</b>	<b>23,097,244</b>	<b>28,216,223</b>
<b>Liabilities and Fund Equity</b>			
Liabilities:			
Accounts payable	\$ 9,925,157	28,013,864	37,939,021
Deferred revenue	2,643,669	—	2,643,669
<b>Total liabilities</b>	<b>12,568,826</b>	<b>28,013,864</b>	<b>40,582,690</b>
Fund equity (deficit):			
Contributed capital	—	210,000	210,000
Retained deficit	(7,449,847)	(5,126,620)	(12,576,467)
<b>Total fund deficit</b>	<b>(7,449,847)</b>	<b>(4,916,620)</b>	<b>(12,366,467)</b>
<b>Total liabilities and fund equity</b>	<b>\$ 5,118,979</b>	<b>23,097,244</b>	<b>28,216,223</b>

See accompanying independent auditors' report.

## MISSOURI DEPARTMENT OF TRANSPORTATION

Combining Statement of Revenues, Expenses, and Changes  
in Retained Earnings (Deficit) – All Internal Service Funds

For the Year Ended June 30, 2001

	Highway Employees' and Highway Patrol Insurance Plan	Self- Insurance	Totals
Operating revenues:			
Insurance premiums:			
Highway workers' compensation	\$ —	5,160,060	5,160,060
Highway patrol workers' compensation	—	2,257,402	2,257,402
Highway fleet vehicle liability	—	855,000	855,000
General liability	—	1,800,000	1,800,000
Contributions:			
State	28,506,265	—	28,506,265
Member	21,706,360	—	21,706,360
Other	197,539	288,579	486,118
Total operating revenues	50,410,164	10,361,041	60,771,205
Operating expenses:			
Program	—	689,350	689,350
Self-insurance claims:			
Highway workers' compensation	—	9,789,344	9,789,344
Highway patrol workers' compensation	—	2,334,789	2,334,789
Highway fleet vehicle liability	—	2,062,535	2,062,535
Highway general liability	—	2,918,817	2,918,817
Medical and life:			
Insurance premium	4,143,316	—	4,143,316
Claims	34,724,845	—	34,724,845
Administrative service	1,982,613	—	1,982,613
Prescription drugs	8,708,587	—	8,708,587
Professional fees	126,092	—	126,092
Other	88,935	—	88,935
Total operating expenses	49,774,388	17,794,835	67,569,223
Operating income (loss)	635,776	(7,433,794)	(6,798,018)
Nonoperating revenues:			
Interest income	282,348	1,248,293	1,530,641
Net increase in fair value of investments	—	481,271	481,271
Total nonoperating revenues	282,348	1,729,564	2,011,912
Net income (loss)	918,124	(5,704,230)	(4,786,106)
Retained earnings (deficit) at beginning of year	(8,367,971)	577,610	(7,790,361)
Retained deficit at end of year	\$ (7,449,847)	(5,126,620)	(12,576,467)

See accompanying independent auditors' report

## MISSOURI DEPARTMENT OF TRANSPORTATION

## Combining Statement of Cash Flows – All Internal Service Funds

For the Year Ended June 30, 2001

	Highway Employees' and Highway Patrol Insurance Plan	Self- Insurance	Totals
Cash flows from operating activities:			
Operating income (loss)	\$ 635,776	(7,433,794)	(6,798,018)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating loss activities:			
Increase in interest receivable	—	(1,802)	(1,802)
Decrease in contributions receivable	1,468,023	—	1,468,023
Decrease in other receivables	33,912	—	33,912
Increase in accounts payable	1,805,163	7,092,977	8,898,140
Decrease in deferred revenue	(37,996)	—	(37,996)
Net cash provided by (used in) operating activities	3,904,878	(342,619)	3,562,259
Cash flows from investing activities:			
Sale of investments	—	349,585,686	349,585,686
Purchase of investments	—	(351,664,320)	(351,664,320)
Interest on investments	282,348	1,729,564	2,011,912
Net cash provided by (used in) investing activities	282,348	(349,070)	(66,722)
Net increase (decrease) in cash and cash equivalents	4,187,226	(691,689)	3,495,537
Cash and cash equivalents at beginning of year	825,504	778,561	1,604,065
Cash and cash equivalents at end of year	\$ 5,012,730	86,872	5,099,602
Cash	\$ 5,012,730	—	5,012,730
Repurchase agreements	—	86,872	86,872
	\$ 5,012,730	86,872	5,099,602

See accompanying independent auditors' report.



## **AGENCY FUND**

Agency Funds account for assets held by a government as an agent for other governments.

***Local Fund*** – This fund, established by RSMo. 227.180, accounts for money received by the Department from various political subdivisions and other interested parties, which is segregated in its own bank account and used to reimburse Department funds for expenditures incurred by the Department on behalf of the political subdivision or other interested party.

## MISSOURI DEPARTMENT OF TRANSPORTATION

## Statement of Changes in Assets and Liabilities – Agency Fund

For the Year Ended June 30, 2001

	<b>Balance July 1, 2000</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2001</b>
Assets – restricted assets	\$ 38,510,629	48,899,605	(41,358,947)	46,051,287
Liabilities:				
Due to other funds	\$ 2,638,635	15,189,056	(16,736,640)	1,091,051
Advances from other governments	35,871,994	33,710,549	(24,622,307)	44,960,236
Total liabilities	\$ 38,510,629	48,899,605	(41,358,947)	46,051,287

See accompanying independent auditors' report.